

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 1.1, 9, 30, 34, 39, and 46 and by adding
6 Section 57.1 as follows:

7 (205 ILCS 305/1.1) (from Ch. 17, par. 4402)

8 Sec. 1.1. Definitions.

9 Credit Union - The term "credit union" means a cooperative,
10 non-profit association, incorporated under this Act, under the
11 laws of the United States of America or under the laws of
12 another state, for the purposes of encouraging thrift among its
13 members, creating a source of credit at a reasonable rate of
14 interest, and providing an opportunity for its members to use
15 and control their own money in order to improve their economic
16 and social conditions. The membership of a credit union shall
17 consist of a group or groups each having a common bond as set
18 forth in this Act.

19 Common Bond - The term "common bond" refers to groups of
20 people who meet one of the following qualifications:

21 (1) Persons belonging to a specific association, group
22 or organization, such as a church, labor union, club or
23 society and members of their immediate families which shall

1 include any relative by blood or marriage or foster and
2 adopted children.

3 (2) Persons who reside in a reasonably compact and well
4 defined neighborhood or community, and members of their
5 immediate families which shall include any relative by
6 blood or marriage or foster and adopted children.

7 (3) Persons who have a common employer or who are
8 members of an organized labor union or an organized
9 occupational or professional group within a defined
10 geographical area, and members of their immediate families
11 which shall include any relative by blood or marriage or
12 foster and adopted children.

13 Shares - The term "shares" or "share accounts" means any
14 form of shares issued by a credit union and established by a
15 member in accordance with standards specified by a credit
16 union, including but not limited to common shares, share draft
17 accounts, classes of shares, share certificates, special
18 purpose share accounts, shares issued in trust, custodial
19 accounts, and individual retirement accounts or other plans
20 established pursuant to Section 401(d) or (f) or Section 408(a)
21 of the Internal Revenue Code, as now or hereafter amended, or
22 similar provisions of any tax laws of the United States that
23 may hereafter exist.

24 Credit Union Organization - The term "credit union
25 organization" means any organization established to serve the
26 needs of credit unions, the business of which relates to the

1 daily operations of credit unions.

2 Department - The term "Department" means the Illinois
3 Department of Financial and Professional Regulation.

4 Secretary - The term "Secretary" means the Secretary of
5 Financial and Professional Regulation or a person authorized by
6 the Secretary or this Act to act in the Secretary's stead.

7 Division of Financial Institutions - The term "Division of
8 Financial Institutions" means the Division of Financial
9 Institutions of the Department of Financial and Professional
10 Regulation.

11 Director - The term "Director of Financial Institutions"
12 means the Director of the Division of Financial Institutions of
13 the Department of Financial and Professional Regulation.

14 Office - The term "office" means the Division of Financial
15 Institutions of the Department of Financial and Professional
16 Regulation.

17 NCUA - The term "NCUA" means the National Credit Union
18 Administration, an agency of the United States Government
19 charged with the supervision of credit unions chartered under
20 the laws of the United States of America.

21 Central Credit Union - The term "central credit union"
22 means a credit union incorporated primarily to receive shares
23 from and make loans to credit unions and directors, officers,
24 committee members and employees of credit unions. A central
25 credit union may also accept as members persons who were
26 members of credit unions which were liquidated and persons from

1 occupational groups not otherwise served by another credit
2 union.

3 Corporate Credit Union - The term "corporate credit union"
4 means a credit union which is a cooperative, non-profit
5 association, the membership of which is limited primarily to
6 other credit unions.

7 Insolvent - "Insolvent" means the condition that results
8 when the total of all liabilities and shares exceeds net assets
9 of the credit union.

10 Danger of insolvency - For purposes of Section 61, a credit
11 union is in "danger of insolvency" if its net worth to asset
12 ratio falls below 2%. In calculating the danger of insolvency
13 ratio, secondary capital shall be excluded. For purposes of
14 Section 61, a credit union is also in "danger of insolvency" if
15 the Department is unable to ascertain, upon examination, the
16 true financial condition of the credit union.

17 Net Worth - "Net worth" means the retained earnings balance
18 of the credit union, as determined under generally accepted
19 accounting principles, and forms of secondary capital approved
20 by the Secretary and the Director pursuant to rulemaking.

21 Charitable Donation Account - The term "charitable
22 donation account" means an account owned by a credit union that
23 is held in a segregated custodial account or special purpose
24 entity and specifically identified as a charitable donation
25 account whereby, no less frequently than every 5 years and upon
26 termination of the account, at least 51% of the total return on

1 assets in the account is distributed to one or more charitable
2 organizations or non-profit entities.

3 (Source: P.A. 97-133, eff. 1-1-12.)

4 (205 ILCS 305/9) (from Ch. 17, par. 4410)

5 Sec. 9. Reports and examinations.

6 (1) Credit unions shall report to the Department on forms
7 supplied by the Department, in accordance with a schedule
8 published by the Department. A recapitulation of the annual
9 reports shall be compiled and published annually by the
10 Department, for the use of the General Assembly, credit unions,
11 various educational institutions and other interested parties.
12 A credit union which fails to file any report when due shall
13 pay to the Department a late filing fee for each day the report
14 is overdue as prescribed by rule. The Secretary may extend the
15 time for filing a report.

16 (2) The Secretary may require special examinations of and
17 special financial reports from a credit union or a credit union
18 organization in which a credit union loans, invests, or
19 delegates substantially all managerial duties and
20 responsibilities when he determines that such examinations and
21 reports are necessary to enable the Department to determine the
22 safety of a credit union's operation or its solvency. The cost
23 to the Department of the aforesaid special examinations shall
24 be borne by the credit union being examined as prescribed by
25 rule.

1 (3) All credit unions incorporated under this Act shall be
2 examined at least biennially by the Department or, at the
3 discretion of the Secretary, by a public accountant registered
4 by the Department of Financial and Professional Regulation. The
5 costs of an examination shall be paid by the credit union. The
6 scope of all examinations by a public accountant shall be at
7 least equal to the examinations made by the Department. The
8 examiners shall have full access to, and may compel the
9 production of, all the books, papers, securities and accounts
10 of any credit union. A special examination shall be made by the
11 Department or by a public accountant approved by the Department
12 upon written request of 5 or more members, who guarantee the
13 expense of the same. Any credit union refusing to submit to an
14 examination when ordered by the Department shall be reported to
15 the Attorney General, who shall institute proceedings to have
16 its charter revoked. If the Secretary determines that the
17 examination of a credit union is to be conducted by a public
18 accountant registered by the Department of Financial and
19 Professional Regulation and the examination is done in
20 conjunction with the credit union's external independent audit
21 of financial statements, the requirements of this Section and
22 subsection (3) of Section 34 shall be deemed met.

23 (3.5) Pursuant to Section 8, the Secretary shall adopt
24 rules that ensure consistency and due process in the
25 examination process. The Secretary may also establish
26 guidelines that (i) define the scope of the examination process

1 and (ii) clarify examination items to be resolved. The rules,
2 formal guidance, interpretative letters, or opinions furnished
3 to credit unions by the Secretary may be relied upon by the
4 credit unions.

5 (4) A copy of the completed report of examination and a
6 review comment letter, if any, citing exceptions revealed
7 during the examination, shall be submitted to the credit union
8 by the Department. A detailed report stating the corrective
9 actions taken by the board of directors on each exception set
10 forth in the review comment letter shall be filed with the
11 Department within 40 days after the date of the review comment
12 letter, or as otherwise directed by the Department. Any credit
13 union through its officers, directors, committee members or
14 employees, which willfully provides fraudulent or misleading
15 information regarding the corrective actions taken on
16 exceptions appearing in a review comment letter may have its
17 operations restricted to the collection of principal and
18 interest on loans outstanding and the payment of normal
19 expenses and salaries until all exceptions are corrected and
20 accepted by the Department.

21 (Source: P.A. 97-133, eff. 1-1-12.)

22 (205 ILCS 305/30) (from Ch. 17, par. 4431)

23 Sec. 30. Duties of directors.

24 (a) It shall be the duty of the directors to:

25 (1) Review actions on applications for membership. A

1 record of the membership committee's approval or denial of
2 membership or management's approval or denial of
3 membership if no membership committee has been appointed
4 shall be available to the board of directors for
5 inspection. A person denied membership by the membership
6 committee or credit union management may appeal the denial
7 to the board;

8 (2) Provide adequate fidelity bond coverage for
9 officers, employees, directors and committee members, and
10 for losses caused by persons outside of the credit union,
11 subject to rules and regulations promulgated by the
12 Secretary;

13 (3) Determine from time to time the interest rates, not
14 in excess of that allowed under this Act, which shall be
15 charged on loans to members and to authorize interest
16 refunds, if any, to members from income earned and received
17 in proportion to the interest paid by them on such classes
18 of loans and under such conditions as the board prescribes.
19 The directors may establish different interest rates to be
20 charged on different classes of loans;

21 (4) Within any limitations set forth in the credit
22 union's bylaws, fix the maximum amount which may be loaned
23 with and without security to a member;

24 (5) Declare dividends on various classes of shares in
25 the manner and form as provided in the bylaws;

26 (6) Limit the number of shares which may be owned by a

1 member; such limitations to apply alike to all members;

2 (7) Have charge of the investment of funds, except that
3 the board of directors may designate an investment
4 committee or any qualified individual or entity to have
5 charge of making investments under policies established by
6 the board of directors;

7 (8) Authorize the employment of or contracting with
8 such persons or organizations as may be necessary to carry
9 on the operations of the credit union, provided that prior
10 approval is received from the Department before delegating
11 substantially all managerial duties and responsibilities
12 to a credit union organization, and fix the compensation,
13 if any, of the officers and provide for compensation for
14 other employees within policies established by the board of
15 directors;

16 (9) Authorize the conveyance of property;

17 (10) Borrow or lend money consistent with the
18 provisions of this Act;

19 (11) Designate a depository or depositories for the
20 funds of the credit union and supervise the investment of
21 funds;

22 (12) Suspend or remove, or both, any or all officers or
23 any or all members of the membership, credit, or other
24 committees whenever, in the judgment of the board of
25 directors, the best interests of the credit union will be
26 served thereby; provided that members of the supervisory

1 committee may not be suspended or removed except for
2 failure to perform their duties; and provided that removal
3 of any officer shall be without prejudice to the contract
4 rights, if any, of the person so removed;

5 (13) Appoint any special committees deemed necessary;
6 and

7 (14) Perform such other duties as the members may
8 direct, and perform or authorize any action not
9 inconsistent with this Act and not specifically reserved by
10 the bylaws to the members.

11 (b) The board of directors may delegate to the chief
12 management official, according to guidelines established by
13 the board that may include the authority to further delegate
14 one or more duties, all of the following duties:

15 (1) determining the interest rates on loans;

16 (2) determining the dividend rates on share accounts;

17 and

18 (3) hiring employees other than the chief management
19 official and fixing their compensation.

20 (c) Each director shall have a working familiarity with
21 basic finance and accounting practices consistent with the size
22 and complexity of the credit union operation they serve,
23 including the ability to read and understand the credit union's
24 balance sheet and income and expense statements and the ability
25 to ask, when appropriate, substantive questions of management
26 and auditors. For the purposes of this subsection (c),

1 substantive questions include queries concerning financial
2 services and products offered to the membership; how those
3 activities generate revenue for the credit union; the credit,
4 liquidity, interest rate, compliance, strategic, transaction,
5 and reputation risks associated with those activities; and the
6 internal control structures maintained by the credit union that
7 limit and manage those risks.

8 A director who was elected or appointed on or after January
9 1, 2015 and who comes to the position without the requisite
10 financial skills shall have until 6 months after the date of
11 election or appointment to acquire the enumerated skills.

12 An incumbent director who was elected or appointed before
13 January 1, 2015 and does not possess the requisite financial
14 skills shall have until July 1, 2015 to acquire the enumerated
15 skills.

16 An incumbent director or a director who is elected or
17 appointed on or after January 1, 2015 who already understands
18 his or her credit union's financial statements shall not be
19 required to do anything further to satisfy the financial skills
20 requirement set forth in subsection (c).

21 It is the intent of the Department that all credit union
22 directors possess a basic understanding of their credit union's
23 financial condition. It is not the intent of the Department to
24 subject credit union directors to examiner scrutiny of their
25 financial skills. Rather, the Department shall evaluate
26 whether the credit union has in place a policy to make

1 available to their directors appropriate training to enhance
2 their financial knowledge of the credit union. Directors may
3 receive the training through internal credit union training,
4 external training offered by the credit union's retained
5 auditors, trade associations, vendors, regulatory agencies, or
6 any other sources or on-the-job experience, or a combination of
7 those activities. The training may be received through any
8 medium, including, but not limited to, conferences, workshops,
9 audit closing meetings, seminars, teleconferences, webinars,
10 and other internet based delivery channels.

11 (Source: P.A. 97-133, eff. 1-1-12.)

12 (205 ILCS 305/34) (from Ch. 17, par. 4435)

13 Sec. 34. Duties of supervisory committee.

14 (1) The supervisory committee shall make or cause to be
15 made an annual internal audit of the books and affairs of the
16 credit union to determine that the credit union's accounting
17 records and reports are prepared promptly and accurately
18 reflect operations and results, that internal controls are
19 established and effectively maintained to safeguard the assets
20 of the credit union, and that the policies, procedures and
21 practices established by the board of directors and management
22 of the credit union are being properly administered. The
23 supervisory committee shall submit a report of that audit to
24 the board of directors and a summary of that report to the
25 members at the next annual meeting of the credit union. It

1 shall make or cause to be made such supplementary audits as it
2 deems necessary or as are required by the Secretary or by the
3 board of directors, and submit reports of these supplementary
4 audits to the Secretary or board of directors as applicable. If
5 the supervisory committee has not engaged a public accountant
6 registered by the Department of Financial and Professional
7 Regulation to make the internal audit, the supervisory
8 committee or other officials of the credit union shall not
9 indicate or in any manner imply that such audit has been
10 performed by a public accountant or that the audit represents
11 the independent opinion of a public accountant. The supervisory
12 committee must retain its tapes and working papers of each
13 internal audit for inspection by the Department. The report of
14 this audit must be made on a form approved by the Secretary. A
15 copy of the report must be promptly mailed to the Secretary.

16 (2) The supervisory committee shall make or cause to be
17 made at least once each year a reasonable percentage
18 verification of members' share and loan accounts, consistent
19 with rules promulgated by the Secretary.

20 (3) The supervisory committee of a credit union with assets
21 of \$5,000,000 or more shall engage a public accountant
22 registered by the Department of Financial and Professional
23 Regulation to perform an annual external independent audit of
24 the credit union's financial statements in accordance with
25 generally accepted auditing standards. The supervisory
26 committee of a credit union with assets of \$3,000,000 or more,

1 but less than \$5,000,000, shall engage a public accountant
2 registered by the Department of Financial and Professional
3 Regulation to perform an external independent audit of the
4 credit union's financial statements in accordance with
5 generally accepted auditing standards at least once every 3
6 years. A copy of an external independent audit shall be
7 completed and mailed to the Secretary no later than 90 days
8 after December 31 of each year; provided that a credit union or
9 group of credit unions may obtain an extension of the due date
10 upon application to and receipt of written approval from the
11 Secretary. If the annual internal audit of such a credit union
12 is conducted by a public accountant registered by the
13 Department of Financial and Professional Regulation and the
14 annual internal audit is done in conjunction with the credit
15 union's annual external audit, the requirements of subsection
16 (1) of this Section shall be deemed met.

17 (4) In determining the appropriate balance in the allowance
18 for loan losses account, a credit union may determine its
19 historical loss rate using a defined period of time of less
20 than 5 years, provided that:

21 (A) the methodology used to determine the defined
22 period of time is formally documented in the credit union's
23 policies and procedures and is appropriate to the credit
24 union's size, business strategy, and loan portfolio
25 characteristics and the economic environment of the areas
26 and employers served by the credit union;

1 (B) supporting documentation is maintained for the
2 technique used to develop the credit union loss rates,
3 including the period of time used to accumulate historical
4 loss data and the factors considered in establishing the
5 time frames; and

6 (C) the external auditor conducting the credit union's
7 financial statement audit has analyzed the methodology
8 employed by the credit union and concludes that the
9 financial statements, including the allowance for loan
10 losses, are fairly stated in all material respects in
11 accordance with U.S. Generally Accepted Accounting
12 Principles, as promulgated by the Financial Accounting
13 Standards Board.

14 (5) A majority of the members of the supervisory committee
15 shall constitute a quorum.

16 (6) On an annual basis commencing January 1, 2015, the
17 members of the supervisory committee shall receive training
18 related to their statutory duties. Supervisory committee
19 members may receive the training through internal credit union
20 training, external training offered by the credit union's
21 retained auditors, trade associations, vendors, regulatory
22 agencies, or any other sources or on-the-job experience, or a
23 combination of those activities. The training may be received
24 through any medium, including, but not limited to, conferences,
25 workshops, audit closing meetings, seminars, teleconferences,
26 webinars, and other Internet-based delivery channels.

1 (Source: P.A. 96-141, eff. 8-7-09; 96-963, eff. 7-2-10; 97-133,
2 eff. 1-1-12.)

3 (205 ILCS 305/39) (from Ch. 17, par. 4440)

4 Sec. 39. Special purpose share accounts; charitable
5 donation accounts.

6 (1) If provided for in and consistent with the bylaws,
7 Christmas clubs, vacation clubs and other special purpose share
8 accounts may be established and offered under conditions and
9 restrictions established by the board of directors.

10 (2) Pursuant to a policy adopted by the board of directors,
11 which may be amended from time to time, a credit union may
12 establish one or more charitable donation accounts. The
13 investments and purchases to fund a charitable donation account
14 are not subject to the investment limitations of this Act,
15 provided the charitable donation account is structured in
16 accordance with this Act. At their time of purchase, the book
17 value of the investments in all charitable donation accounts,
18 in the aggregate, shall not exceed 5% of the credit union's net
19 worth.

20 (a) If a credit union chooses to establish a charitable
21 donation account using a trust vehicle, the trustee must be
22 an entity regulated by the Office of the Comptroller of the
23 Currency, the U.S. Securities and Exchange Commission,
24 another federal regulatory agency, or a State financial
25 regulatory agency. A regulated trustee or other person who

1 is authorized to make investment decisions for a charitable
2 donation account, other than the credit union itself, shall
3 either be registered with the U.S. Securities and Exchange
4 Commission as an investment advisor or regulated by the
5 Office of the Comptroller of the Currency.

6 (b) The parties to the charitable donation account must
7 document the terms and conditions controlling the account
8 in a written operating agreement, trust agreement, or
9 similar instrument. The terms of the agreement shall be
10 consistent with the requirements and conditions set forth
11 in this Section. The agreement, if applicable, and policies
12 must document the investment strategies of the charitable
13 donation account trustee or other manager in administering
14 the charitable donation account and provide for the
15 accounting of all aspects of the account, including its
16 distributions and liquidation, in accordance with
17 generally accepted accounting principles.

18 (c) A credit union's charitable donation account
19 agreement, if applicable, and policies shall provide that
20 the charitable organization or non-profit entity
21 recipients of any charitable donation account funds must be
22 identified in the policy and be exempt from taxation under
23 Section 501(c)(3) of the Internal Revenue Code.

24 (d) Upon termination of a charitable donation account,
25 the credit union may receive a distribution of the
26 remaining assets in cash, or a distribution in kind of the

1 remaining assets, but only if those assets are permissible
2 investments for credit unions pursuant to this Act.

3 (Source: P.A. 97-133, eff. 1-1-12.)

4 (205 ILCS 305/46) (from Ch. 17, par. 4447)

5 Sec. 46. Loans and interest rate.

6 (1) A credit union may make loans to its members for such
7 purpose and upon such security and terms, including rates of
8 interest, as the credit committee, credit manager, or loan
9 officer approves. Notwithstanding the provisions of any other
10 law in connection with extensions of credit, a credit union may
11 elect to contract for and receive interest and fees and other
12 charges for extensions of credit subject only to the provisions
13 of this Act and rules promulgated under this Act, except that
14 extensions of credit secured by residential real estate shall
15 be subject to the laws applicable thereto. The rates of
16 interest to be charged on loans to members shall be set by the
17 board of directors of each individual credit union in
18 accordance with Section 30 of this Act and such rates may be
19 less than, but may not exceed, the maximum rate set forth in
20 this Section. A borrower may repay his loan prior to maturity,
21 in whole or in part, without penalty. The credit contract may
22 provide for the payment by the member and receipt by the credit
23 union of all costs and disbursements, including reasonable
24 attorney's fees and collection agency charges, incurred by the
25 credit union to collect or enforce the debt in the event of a

1 delinquency by the member, or in the event of a breach of any
2 obligation of the member under the credit contract. A
3 contingency or hourly arrangement established under an
4 agreement entered into by a credit union with an attorney or
5 collection agency to collect a loan of a member in default
6 shall be presumed prima facie reasonable.

7 (2) Credit unions may make loans based upon the security of
8 any interest or equity in real estate, subject to rules and
9 regulations promulgated by the Secretary. In any contract or
10 loan which is secured by a mortgage, deed of trust, or
11 conveyance in the nature of a mortgage, on residential real
12 estate, the interest which is computed, calculated, charged, or
13 collected pursuant to such contract or loan, or pursuant to any
14 regulation or rule promulgated pursuant to this Act, may not be
15 computed, calculated, charged or collected for any period of
16 time occurring after the date on which the total indebtedness,
17 with the exception of late payment penalties, is paid in full.

18 For purposes of this subsection (2) of this Section 46, a
19 prepayment shall mean the payment of the total indebtedness,
20 with the exception of late payment penalties if incurred or
21 charged, on any date before the date specified in the contract
22 or loan agreement on which the total indebtedness shall be paid
23 in full, or before the date on which all payments, if timely
24 made, shall have been made. In the event of a prepayment of the
25 indebtedness which is made on a date after the date on which
26 interest on the indebtedness was last computed, calculated,

1 charged, or collected but before the next date on which
2 interest on the indebtedness was to be calculated, computed,
3 charged, or collected, the lender may calculate, charge and
4 collect interest on the indebtedness for the period which
5 elapsed between the date on which the prepayment is made and
6 the date on which interest on the indebtedness was last
7 computed, calculated, charged or collected at a rate equal to
8 1/360 of the annual rate for each day which so elapsed, which
9 rate shall be applied to the indebtedness outstanding as of the
10 date of prepayment. The lender shall refund to the borrower any
11 interest charged or collected which exceeds that which the
12 lender may charge or collect pursuant to the preceding
13 sentence. The provisions of this amendatory Act of 1985 shall
14 apply only to contracts or loans entered into on or after the
15 effective date of this amendatory Act.

16 (3) Notwithstanding any other provision of this Act, a
17 credit union authorized under this Act to make loans secured by
18 an interest or equity in real estate may engage in making
19 "reverse mortgage" loans to persons for the purpose of making
20 home improvements or repairs, paying insurance premiums or
21 paying real estate taxes on the homestead properties of such
22 persons. If made, such loans shall be made on such terms and
23 conditions as the credit union shall determine and as shall be
24 consistent with the provisions of this Section and such rules
25 and regulations as the Secretary shall promulgate hereunder.
26 For purposes of this Section, a "reverse mortgage" loan shall

1 be a loan extended on the basis of existing equity in homestead
2 property and secured by a mortgage on such property. Such loans
3 shall be repaid upon the sale of the property or upon the death
4 of the owner or, if the property is in joint tenancy, upon the
5 death of the last surviving joint tenant who had such an
6 interest in the property at the time the loan was initiated,
7 provided, however, that the credit union and its member may by
8 mutual agreement, establish other repayment terms. A credit
9 union, in making a "reverse mortgage" loan, may add deferred
10 interest to principal or otherwise provide for the charging of
11 interest or premiums on such deferred interest. "Homestead"
12 property, for purposes of this Section, means the domicile and
13 contiguous real estate owned and occupied by the mortgagor.

14 (4) Notwithstanding any other provisions of this Act, a
15 credit union authorized under this Act to make loans secured by
16 an interest or equity in real property may engage in making
17 revolving credit loans secured by mortgages or deeds of trust
18 on such real property or by security assignments of beneficial
19 interests in land trusts.

20 For purposes of this Section, "revolving credit" has the
21 meaning defined in Section 4.1 of the Interest Act.

22 Any mortgage or deed of trust given to secure a revolving
23 credit loan may, and when so expressed therein shall, secure
24 not only the existing indebtedness but also such future
25 advances, whether such advances are obligatory or to be made at
26 the option of the lender, or otherwise, as are made within

1 twenty years from the date thereof, to the same extent as if
2 such future advances were made on the date of the execution of
3 such mortgage or deed of trust, although there may be no
4 advance made at the time of execution of such mortgage or other
5 instrument, and although there may be no indebtedness
6 outstanding at the time any advance is made. The lien of such
7 mortgage or deed of trust, as to third persons without actual
8 notice thereof, shall be valid as to all such indebtedness and
9 future advances from the time said mortgage or deed of trust is
10 filed for record in the office of the recorder of deeds or the
11 registrar of titles of the county where the real property
12 described therein is located. The total amount of indebtedness
13 that may be so secured may increase or decrease from time to
14 time, but the total unpaid balance so secured at any one time
15 shall not exceed a maximum principal amount which must be
16 specified in such mortgage or deed of trust, plus interest
17 thereon, and any disbursements made for the payment of taxes,
18 special assessments, or insurance on said real property, with
19 interest on such disbursements.

20 Any such mortgage or deed of trust shall be valid and have
21 priority over all subsequent liens and encumbrances, including
22 statutory liens, except taxes and assessments levied on said
23 real property.

24 (5) Compliance with federal or Illinois preemptive laws or
25 regulations governing loans made by a credit union chartered
26 under this Act shall constitute compliance with this Act.

1 (6) Credit unions may make residential real estate mortgage
2 loans on terms and conditions established by the United States
3 Department of Agriculture through its Rural Development
4 Housing and Community Facilities Program. The portion of any
5 loan in excess of the appraised value of the real estate shall
6 be allocable only to the guarantee fee required under the
7 program.

8 (7) For a renewal, refinancing, or restructuring of an
9 existing loan that is secured by an interest or equity in real
10 estate, a new appraisal of the collateral shall not be required
11 when the transaction involves an existing extension of credit
12 at the credit union, no new moneys are advanced other than
13 funds necessary to cover reasonable closing costs, and there
14 has been no obvious or material change in market conditions or
15 physical aspects of the real estate that threatens the adequacy
16 of the credit union's real estate collateral protection after
17 the transaction.

18 (Source: P.A. 96-141, eff. 8-7-09; 97-133, eff. 1-1-12.)

19 (205 ILCS 305/57.1 new)

20 Sec. 57.1. Services to other credit unions.

21 (a) A credit union may act as a representative of and enter
22 into an agreement with credit unions or other organizations for
23 the purpose of:

24 (1) sharing, utilizing, renting, leasing, purchasing,
25 selling, and joint ownership of fixed assets or engaging in

1 activities and services that relate to the daily operations
2 of credit unions; and

3 (2) providing correspondent services to other credit
4 unions that the service provider credit union is authorized
5 to perform for its own members or as part of its
6 operations, including, but not limited to, loan
7 processing, loan servicing, member check cashing services,
8 disbursing share withdrawals and loan proceeds, cashing
9 and selling money orders, ACH and wire transfer services,
10 coin and currency services, performing internal audits,
11 and automated teller machine deposit services.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.